

A Message from the Chairman, Jody B. Olson

PERSI, Governor & members celebrate creation of new pension benefits for public employees

Jody B. Olson
Chairman
with Governor
Kempthorne at
the signing of
PERSI's bills



Several major benefit improvements for PERSI members were passed by the legislature this year, and as a result, I think you'll agree with me that this is a wonderful time to be a PERSI member! We can provide new gains sharing benefits where active members, retirees and employers all win. In addition, we are improving and expanding services and benefits in the areas of disability retirement, unused sick leave accounts for all employers, and voluntary purchase of service. Please take a few minutes to read about the new benefits. I believe you will be more than pleased with all the areas of improvement.

I would like to take a moment to thank people without whom we might not have these new benefits. I thank my fellow trustees, Susan Simmons, Dennis Johnson,

Pam Ahrens, and particularly, Kirk Sullivan, who spent a considerable amount of time on these issues. I thank PERSI's Executive Director, Alan H. Winkle, and his staff for their research and knowledge. A great deal of thanks goes to Senator Dean Cameron and members of the Legislative Interim Committee on PERSI for their work and support. Governor Kempthorne also provided valuable support. And, thank you to all you members who contacted me, PERSI, or our state legislators on behalf of the legislation. We couldn't have done it without you. ♦

Governor Kempthorne (right) shows his appreciation to a group of public employees (below) before signing legislation improving PERSI benefits. More photos inside.



New laws bring new and improved benefits and services for PERSI members and employers

Improvements include: gains sharing, eased disability requirements, expanded unused sick leave

Gains Sharing Plan HB 510

www3.state.id.us/oasis/H0510.html

This bill creates a new, potentially very valuable, benefit for active members, retirees and employers. Now that PERSI is overfunded we are in a position to share future excess earnings with you through a new "gains sharing" plan. Gains sharing is in addition to current benefits. Other benefits would not change. Gains sharing could mean \$50 to \$500 million is shared with members and employers any given year. For individuals this could be several hundred or several thousand dollars each year.

How Gains Sharing Works

PERSI's Fiscal Year (FY) ends each June 30. At the end of each fiscal year the Retirement Board will determine if PERSI's funding is adequate to handle all benefit payment and other expenses. The Board has the responsibility to ensure PERSI is on a solid funding base before granting gains sharing. This means that if the Board believes it needs to retain funds instead of paying

gains sharing for a given year, they must do so. Generally, if funding is stable and there are no major liability expenses to PERSI in a particular year, our investments would need to earn over 8% per year for gains sharing to occur. In FY 2000, because the 2% multiplier benefit enhancement legislation passed, costs to the system have increased some \$150 million, therefore, PERSI will need to earn an estimated 11% for gains sharing to occur in January 2001. **At this time, we have no way of predicting what our return will be for this fiscal year, and therefore cannot say if there will be gains sharing in 2001 or not.**

How Much You May Receive

For retirees, gains sharing could mean receiving a one-time increase of one to three times your monthly benefit in one check. For active members gains sharing could mean several hundred or several thousand dollars for you each year, depending upon PERSI's funding and your account balance. For employers it could mean a significant one-

time credit or they may not have to pay any contributions to PERSI for a particular year.

When Gains Sharing Distributions Will Occur

Each summer, PERSI's earnings and funding stability will be evaluated. Distributions, if any, will be paid the following January. Payments will be done in January so that members who are contributing to voluntary supplemental retirement plans (401k's, 403b's, 457's) will know how much they can contribute for the upcoming year without going over IRS limits.

How Gains Sharing will be Distributed for Retirees

- As a retiree, you will receive a gains sharing allocation based on your current PERSI benefit.
- Payment will be a one-time addition to your January regular monthly benefit. This one-time addition may or may not occur each year, depending on investment returns and funding status.

Retiree lives life “The Cowboy Way”

Dad’s Old Hat

By Colen Sweeten Jr.

Dad’s old hat had personality,
It had character;
It was a history, an autobiography
And a reflection of his rugged yet gentle heart.
Not the kind of hat you see at the stock show
Or at the rodeo or county fair,
It was the kind that has to grow with a fellow
And share his lumps
Until it becomes a part of him.

At times Mother would have been more at ease
If Dad had worn his “Sunday” hat
Or even gone bareheaded.
More than once she threatened to burn that hat
Or take it out and use it to bait a coyote trap,
But she never did.
Sometimes in the corral that old hat
Could stop a wild horse or turn a charging bull-
Well, I said “sometimes.”

That off’ flattened felt had spirituality
And respect for authority.
Seven sons admired that battered old hat
And not of them ever tried to knock it off
Or to wear it himself.
Soiled and dusty, it stood for an honest day’s work.
Companion to dirt, yet a complete stranger
To vulgarity or profanity-yes, and hypocrisy.
It never tried to act like a Stetson.

That hat could nicely carry a dozen eggs
Or an equal number of baby chicks.
A frightened cottontail
Or enough grain to capture a horse.
It carried my trust
And covered my ideal.
Men don’t speak of heritage like that,
But when I look back, I see and feel
My dad’s old hat.

That piece of cowboy poetry comes from Colen Sweeten Jr., a true cowboy poet at heart, who in retirement has found an outlet for his creative talent - reciting poetry, folklore and stories to audiences across the west. His peers say, “His verse ‘Dad’s Old Hat’ is so familiar and comforting that it has become part of the oral tradition.” Colen’s dedication to the craft of cowboy poetry is well known across the country. “In his own direct, rustic way, Colen is a sagebrush sage,” says fellow poet Michael Martin Murphey. “He is everybody’s wise grandfather - a man who wants to communicate with you to try to pass on wisdom or warnings or wit.”

Cowboy poetry is not about words, even if they are skillfully arranged. It is about feelings and memories stirred when you hear the words. “It’s essential that the writer of good cowboy poetry had close contact with the lifestyle for some time. That’s what gives it that special flavor. You can’t buy good barbeque sauce right off the shelf. It’s got to be homemade to really deliver the taste. Cowboy poetry that is homemade is the best kind. Rules, meters, line length are all great in their place - but not crucial to folk art verse,” says Murphey.



Colen has performed for audiences of all sizes, from several people to several thousand, but he prefers small gatherings around a campfire the best. One time, he was opening act for Willie Nelson, but says, “It’s just not as good when you know people are waiting for someone else.”

He’ll perform for almost anyone at almost anytime, usually for free. Some of his best audiences have been at hospitals or schools. He’s performed on an Indian reservation for kindergartners, at a convention for college Deans and Vice Presidents, at home town community theatre, and he’s even been on The Tonight Show with Johnny Carson. Because Carson retired shortly thereafter, Colen jokes, “Yep, I’m the one that put him out of business.”

- Photos:
- Colen Sweeten, Jr. (top right)
 - Colen signs his autograph for a fan (center)
 - Colen reciting on the radio (left)
 - Colen and wife, Ruth (right)



In addition, Colen recites on various country-western radio shows and has had work published. He’s only sold one poem, but that one sold twice - once to Reader’s Digest.

Colen doesn’t remember how he got started writing, but when he was twelve years old he won a writing competition. It was during the depression and his \$3 prize made him feel “like a rich man.” Since that time, Colen has continued writing - always about “stuff that really happened” to him or his family. He is a lifelong resident of Idaho, raised in the Southeastern part of the state, Curlew Valley, where his father homesteaded. “I wasn’t born on a saddle blanket because my father was using it,” he says. Even now, at age 81, although he doesn’t keep horses anymore, he rides every chance he can get.

He never knew that what he was doing was called “Cowboy Poetry” until 1985, the year he attended the Western Folklife Center’s first “Cowboy Poetry Gathering” in Elko, NV. Colen and his wife, Ruth, were in the audience that first year, but since then he’s been up on stage every year reciting poetry or folklore.

Ruth and Colen have been married nearly 56 years and have five children “all but four of which are boys,” says Colen (translation: four daughters, one son). This clan has also produced 16 grandchildren and six great grandchildren thus far.

During his working career, Colen spent many years farming and raising livestock. He also was County Clerk for Oneida County for 21 years, and served terms as President of the Clerks and Recorder’s Association, and as Commissioner of the Clerk’s Association. He also was Executive Director of the Idaho Association of Counties, did preservation for the Historical Society, and at the time of his retirement in 1985 was an Operations Analyst for the Department of Employment. ♦



New PERSI legislation continued from page 1

- Retirees will continue to receive annual Cost of Living Adjustments (COLAs) each March. Gains sharing is in addition to the COLAs.

How Gains Sharing will be Distributed to Active Members

- PERSI will set up individual Defined Contribution (DC) accounts for all active members. (A DC plan is a supplemental retirement savings plan, such as a 401(k), 403(b) or 457 plan.) In years when there is excess funding, PERSI will make a deposit into these accounts. If funding is adequate for FY 2000, the first distributions will occur in 2001.
- Active members will receive an allocation based on their account balance in the PERSI DB Base plan.
- Active members will have the option of investing the gains sharing in the PERSI funds or other offered investment choices. We do not yet know exactly what type of plan or investment options will be available. Over



Governor Dirk Kempthorne signs new PERSI benefits into law at a ceremony on the steps of the state capitol.

the next nine months, we will work on establishing the plan, obtaining contracts with record-keeping and education vendors, and setting up the additional accounts for all members.

- Active members may also make additional voluntary contributions to their DC account.
- Active members must have 12 months of membership service at the end of the fiscal year (June 30) to be eligible for gains sharing for that year.

How Gains Sharing will work for Employers

Employers will receive their allocation in the form of a credit toward contributions payable during the following calendar year. The allocation will be based on the amount of their contributions to the plan the previous fiscal year compared to all employer contributions to the plan.



Other new laws for 2000:

Multiplier Increase **HB 511**

www3.state.id.us/oasis/H0511.html

This bill raises the retirement benefit formula multiplier from 1.917% to 2.0% for general members and from 2.225% to 2.3% for PERSI firefighters/police officers. This improves retirement benefits by about 4.3% for members retiring on or after July 1, 2000. This does not affect current retirees.

Disability **SB 1404**

www3.state.id.us/oasis/S1404.html

This bill made two significant changes to PERSI's disability retirement eligibility requirements.

- It reduced from ten to five the number of years required for a member to be eligible for disability retirement.
- It also allows a general member to be eligible for disability retirement from the first day on the job if the disability is due to **occupational causes**.

These changes do not apply to current retirees.

Unused Sick Leave for Political Subdivisions **HB 402**

www3.state.id.us/oasis/H0402.html

PERSI administers unused sick leave accounts for state, school district, and junior college employees. At retirement, members may convert a portion of their unused sick leave into a monetary amount to pay medical insurance premiums tax-free until the account is exhausted.

This bill allows PERSI to administer an unused sick leave pool for political subdivisions who wish to participate, providing them a way to make the payments tax-free for retiree medical insurance premiums. This does not apply to current retirees.

Unused Sick Leave for State Employees **SB 1390**

www3.state.id.us/oasis/S1390.html

This bill increases the maximum amount of unused sick leave that State employees may use for their unused sick leave account to 600 hours. It is only effective for those who retire after June 30, 2000. Unused sick leave may be used to pay health insurance premiums in retirement until the unused sick leave account is depleted. This does not apply to current retirees.



Senator Dean Cameron makes a remark to Governor Kempthorne at the PERSI bill signing ceremony. Looking on are (left to right) Alan Winkle, PERSI's Executive Director, J. Kirk Sullivan, PERSI Retirement Board Trustee, and Jody B. Olson, Retirement Board Chairman

100% Funding **HCR 37**

www3.state.id.us/oasis/HCR037.html

This affirms that PERSI should strive to maintain 100% funding plus a reserve sufficient to stabilize the contribution rates against the effect of possible poor investment years.

Technical Corrections **HB 401**

www3.state.id.us/oasis/H0401.html

This bill made minor corrections to existing law:

Confidentiality of Member Records correction

- Clarified that member information is confidential and may not be disclosed except as provided by the Idaho public records act.

Firefighter Retirement Fund (FRF)

- Corrected a date in Idaho Code 72-1432 (from August 30 to 31).
- Amended Idaho Code 72-1442 so that it is consistent with Idaho Code 72-1447 and section 415 of the Internal Revenue Code.

Purchase of FRF Layoff Time **HB 593**

www3.state.id.us/oasis/H0593.html

This law allows FRF members who were laid off between 1978 and 1981 to purchase the service toward their retirement. Members will pay the full actuarial cost themselves. The employer may participate in the purchase if desired. Approximately 20 people are affected by this.

Purchase of Service **HB 717**

www3.state.id.us/oasis/H0717.html and

Purchase of Military Service **HB 657**

www3.state.id.us/oasis/H0657.html

These bills allow active, vested members to purchase up to four years of PERSI service. HB 717 means active members may purchase service for whatever reason they want. No proof of service is required. Military service requires proof of time served. Members cannot buy military and airtime for eight years. There is a maximum of four years total.

Purchase of service is very expensive. Rough estimates run so far put the cost between \$25,000 - \$120,000 to buy four years, depending on salary. Purchases must be completed before retirement. ♦

Social Security earnings limits removed for individuals age 65 and over

If you're working and receiving Social Security benefits, you can now keep more of your money

Effective for tax year 2000, new federal legislation, The Senior Citizens' Freedom to Work Act of 2000, removes the \$1 reduction in Social Security benefits for every \$3 a recipient age 65-69 earns above \$17,000.

Information from the Social Security Administration's website on the earnings limits

In April 2000, the law that determines what happens when you work and get benefits at the same time was changed. While you're working, your benefit amount will now be reduced only until you reach your full retirement age, not up to age 70. We will use this formula to determine how much your benefit must be reduced:

- If you are under full retirement age (currently age 65) when you start getting your Social Security payments, \$1 in benefits will be deducted for each \$2 you earn above the annual limit. For 2000, that limit is \$10,080.



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607 North 8th Street, Boise, ID 83702
208.334.3365 or 1.800.451.8228
www.persi.state.id.us

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- In the year you turn full retirement age, \$1 in benefits will be deducted for each \$3 you earn above a different limit, but only counting earnings before the month you reach the full benefit retirement age. For 2000, this other limit is \$17,000.
- Starting with the month you reach full retirement age, you will get your benefits with no limit on your earnings. These new rules apply for the entire year of 2000, starting back in January.

Working after retirement and your PERSI benefits
PERSI does not have an earnings limit for retirees, however if you return to work for a PERSI employer for 20

or more hours per week for five or more consecutive months, you once again become an active PERSI member and your PERSI retirement benefits cease until you re-retire. You may work for any non-PERSI employer as much as you want without affecting your PERSI benefits.

PERSI does not administer Social Security, so we cannot answer questions regarding Social Security benefits or the earnings limit. For more information, call toll-free 1-800-772-1213. Hearing impaired call toll-free 1-800-325-0778. Or visit the Social Security website at www.ssa.gov .

PERSI forms now available on our website

- Many of PERSI's most commonly used retiree forms are now available on our website at www.persi.state.id.us This allows you instant access to the forms and expedites your requests.

To use the forms, simply download and print them, fill them in and send them to PERSI. In the future, we will have forms that may be filled out and submitted on-line further saving time. Forms now available on our website include:

 - **Address Change** - to change your address on file with PERSI.
 - **Direct Deposit Authorization** - if you would like to make sure your PERSI check is always deposited in your bank account the first of the month, this form allows you to sign up for Direct Deposit. With direct deposit, there is no need to worry about lost or delayed checks, and it saves you a trip to the bank each month.
 - **Release of Information** - authorizes PERSI to release information on your account to spouses, attorneys or whoever you designate.
- **PERSI Durable Power of Attorney** - to designate an individual to handle your PERSI transactions on your behalf should you become physically or mentally unable to do so.
 - **Beneficiary Designation and/or Name Change** - to change your beneficiaries or to change your name if you become married, divorced etc. You should complete a new beneficiary designation every time there are major changes in your life such as marriage, divorce, death of family member, adoption or birth of a child, etc.
 - **State Tax Withholding** - you may have your Idaho state taxes withheld from your check each month. This form allows you to sign up for this service, or to change your deduction amount.
 - **Federal Tax Withholding** - you may have your federal taxes withheld from your check each month. This form allows you to sign up for this service, or to change your deduction amount.



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P.O. Box 83720
Boise, ID 83720-0078

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